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SUBJECT: READOUT OF PRIME MINISTER RUDD'S U.S., EUROPE AND
CHINA VISITS, MARCH 27-APRIL 13, 2008

Classified By: Political Counselor James F. Cole. Reasons: 1.4 (b) and
(d).

SUMMARY

1. (C) The GOA assesses Prime Minister Kevin Rudd's first major international trip, conducted during March 27 to April 13 to the United States, Europe and China, to have been extremely successful, marred only by the controversy over his failure to visit Japan, according to a readout from a senior Rudd official. The Prime Minister was especially satisfied with the U.S. portion of his trip, particularly by the extraordinary access he was accorded. The highlight of the European leg was the successful revitalization of Australia's ties with the EU. Australia was pleased by additional troop contributions from European countries to ISAF forces in Afghanistan emerging from the NATO Summit in Bucharest, where PM Rudd, in a first visit by an Australian head of government to a NATO meeting, underscored the need for regular strategy reviews. In China, Rudd stressed the need for China to address climate change and was successful in reviving stalled trade talks. China pressed to announce a strategic partnership with Australia, but back off when PM Rudd tied it to completion of a bilateral free trade agreement. The Australian Prime Minister was subjected to some finger-wagging by National Party Congress Standing Committee Chairman Wu Bangguo over Rudd's outspoken criticism of China's handling of Tibet both before and during the China leg of his trip. Rudd did not otherwise raise China's human rights practices, transparency about its military modernization or regional security, however, other than to register Australian support for the Six-Party Talks and GOA interest in being included in a northeast Asian security mechanism derived from the 6PT. The GOA has promised us a separate readout of PM Rudd's meeting with Pakistani President Musharraf in China on the last day of his visit there. End Summary.

OVERVIEW -- A SUCCESSFUL VISIT, ASIDE FROM THE JAPAN CONTROVERSY

2. (U) Hugh Borrowman, First Assistant Secretary,
International Division, Department of the Prime Minister and

Cabinet, briefed U.S., Canadian and New Zealand representatives May 2 on Prime Minister Kevin Rudd's trip to the United States (March 27 - April 1); Belgium (April 2-3); Romania (April 3); United Kingdom (April 4-8) and China (April 9-12).

13. (C/NF) Overall, Borrowman said, Rudd's first major international visit was "extremely successful," from both a substantive, professional standpoint as well as media coverage, but acknowledged there had been some "rough edges," namely the public relations controversy that erupted over Rudd's failure to visit Japan. Prime Minister Rudd had particularly appreciated the warm reception and extraordinary access accorded to him in the United States, including in the intelligence area. Borrowman asserted omission of Japan from the itinerary had not been an internal GOA concern at the time, as Rudd had planned to visit Japan on a subsequent trip, but it had been turned into an issue by both media overreaction and Japan's "paranoia." He complained that the Japanese Embassy in Canberra had been unhelpful, suggesting it had contributed to some of the negative press stories. Borrowman said Rudd currently expects to make two visits to Japan over the next 10 weeks, including a bilateral visit during June 11-13 and another visit during the G8 in July.

14. (C) According to Borrowman, who accompanied Rudd throughout his trip, the Prime Minister's reception at all his stops was characterized by great curiosity to meet the first Australian Labor Party (ALP) prime minister in 12 years. While several remarked on Rudd's act in signing the Kyoto Protocol within 30 minutes of being sworn in as Prime Minister, what surprised Rudd's party most was the

CANBERRA 00000459 002 OF 005

international resonance to PM Rudd's public apology on February 13 for Australia's mistreatment of its indigenous population, particularly to the "Stolen Generation" of Aborigines and Torres Strait Islanders whom the Australian government had forcibly separated from their parents over several decades. Many of Rudd's interlocutors went out of their way to stress how impressed and moved they had been by his gesture, Borrowman said.

BROAD THEMES: ECONOMICS, CLIMATE CHANGE, MULTILATERAL ENGAGEMENT

15. (SBU) The Prime Minister's discussions in all capitals focused on three themes. On the economic front, PM Rudd sought to understand the dimensions of the international financial crisis sparked by the subprime mortgage crisis in the United States, and to assess the level of Australia's exposure to the risk posed by the credit meltdown. Rudd reiterated the message that the WTO DOHA round was at a critical juncture and states needed to seize the moment to make progress. Borrowman observed that Australia remains optimistic about DOHA, citing progress in Geneva and signs of cooperation in the EU, although India and Brazil remained major stumbling blocks. PM Rudd engaged leaders on climate change, the second major focus, conveying the urgency of addressing this issue expeditiously in the lead up to the Copenhagen conference. Borrowman noted Rudd emphasized with Chinese leaders the need for both Australia, as the world's largest coal exporter, and China, as the biggest coal consumer, to work on solving the problem of coal's contribution to greenhouse gases. Finally, on the theme of multilateral engagement, Borrowman said PM Rudd had raised in the capitals he visited Australia's intention to contest a non-permanent seat on the United Nations Security Council during 2013-2014. He had also met the top UN leadership, including UNSYG Ban Ki-moon, on this and other issues, further evidence of his desire to engage more strongly with the United Nations. He noted PM Rudd was committed to the UN's Millennium Development Goals (MDG) and planned to attend the UNSYG's September 25 MDG Heads of Government meeting in New York. Other initiatives PM Rudd had undertaken to

develop and deepen Australia's multilateral engagement were his announcement of a Pacific Partnerships for Development initiative, partly intended to help Pacific island states meet their MDGs. Moreover, Rudd visited Brussels specifically to re-engage with the European Union, after a period in which Australia had tended to focus on differences, and to seek ways to cooperate with this important trade bloc. Here, as in other capitals, Rudd wanted to convey that Australia was "open for business."

NATO SUMMIT ON AFGHANISTAN

16. (C) PM Rudd was pleased with the outcome of the NATO Summit in Bucharest, particularly over increased troop contributions by the French, which would take pressure off Canada and other contributors facing domestic pressures to withdraw troops. Australia understood it had only a limited capacity to affect the debate over Afghanistan. Nevertheless, Rudd had stressed strongly the importance of setting benchmarks for progress in Afghanistan, along with regular reassessments by the international community. Rudd had reiterated that Australia was in Afghanistan "for the long haul" but had cautioned that Australian was not prepared to give a blank check for operations there. Australia had assisted in drafting the final communique. It was the first time an Australian head of government had participated in a NATO meeting, Borrowman noted.

17. (C/NF) The Prime Minister believed the problem with European NATO countries was that they viewed Afghanistan as a problem of alliance management, rather than as a genuine security issue, Borrowman commented. If the Europeans truly comprehended the threat, they would be inclined to make greater troop contributions.

CANBERRA 00000459 003 OF 005

MEETING WITH PAKISTANI PRESIDENT ON AFGHANISTAN

18. (C/NF) PM Rudd also discussed Afghanistan during a meeting with Pakistani Prime Minister Pervez Musharraf on April 12, the final day of his visit to China, on the margins of the Boao economic forum in Sanya. Rudd pressed Musharraf on Pakistani efforts to control the movement of insurgents from Pakistan into Afghanistan, particularly questioning the activities of the Inter-Services Intelligence (ISI). Musharraf, described by Borrowman as having been in "good form", gave an impassioned defense of the ISI, noting their history in working with the CIA to drive the Russians out of Afghanistan. (Borrowman pulled us aside after the briefing and promised a more detailed readout of the Musharraf meeting at a later time.)

CHINA

19. (C) In China, PM Rudd held discussions with Premier Wen Jiabao, President Hu Jintao, Chairman Wu Bangguo and Executive Vice Premier Li Keqiang, among others. Rudd was not "rosy-eyed" on China, Borrowman said. Rudd recognized that there were significant problems with the one-party state, and he subscribed to the Zoellick formulation that China needed to be a "responsible stakeholder" in the international system that had enabled its success. The PM's view was that the international community needed to encourage a "benign China" but to be aware of the possibility of the emergence of a "malign China," while preparing for both contingencies without prejudice.

Tibet and the Olympic Games

110. (C/NF) Before arriving in Beijing and at his first event after his arrival -- a speech at Beijing University -- Rudd had put on record Australia's concern over human rights problems in Tibet, and the need to address them without

violence and through dialogue, Borrowman said. PM Rudd had given the Chinese government advance notice he intended to raise the Tibet issue and had encountered pressure not to do so. After the Beijing University speech, Rudd was subjected to "finger-wagging" by Chairman Wu, who delivered China's policy line on Tibet, Borrowman said. In Rudd's talks with Chinese leaders, they seemed genuinely puzzled over the international reaction to Tibet. President Hu told Rudd he recalled as a child having seen the Dalai Lama drink from a human skull. The Chinese leaders seemed unable to comprehend why Tibetans were so ungrateful, after all that the government had done for them. Borrowman observed that the prospect of failure of the Olympic Games due to negative international repercussions over Tibet had prompted the Chinese government to show they were doing something, thus leading to the offer to engage representatives of the Dalai Lama in a dialogue. PM Rudd opposed boycotting either the opening ceremony or the games themselves, he added, although the Rudd had not yet committed to attending either.

¶11. (C) Other than the human rights problem in Tibet, Q11. (C) Other than the human rights problem in Tibet, Borrowman noted, human rights issues did not feature prominently in PM Rudd's discussions in China. In subsequent talks with Chinese officials in Canberra in the run-up to the Olympic torch relay through the Australian capital, however, human rights was discussed, with the two sides agreeing to postpone the annual Australia-China Human Rights Dialogue until later in the year.

Strategic Partnership

¶12. (C) As it had done during PM Howard's administration, the Chinese government pressed PM Rudd to announce a "strategic partnership" between the two countries. Rudd's response was that something concrete would be needed to move the relationship to such a new level, for example conclusion of a

CANBERRA 00000459 004 OF 005

free trade agreement. The Chinese backpedalled from the suggestion after Rudd had put a price tag on it, according to Borrowman, and has seemed rather taken aback by his response.

Security Issues: Six-Party Talks and Regional Architecture

¶13. (C) In his Beijing meetings, PM Rudd discussed the Six-Party Talks, underscoring Australia's support for the important role the talks played in address regional security. As he had done in the United States and elsewhere, Rudd stressed the breadth and depth of Australian economic interests in North Asia, particularly with Japan, China and South Korea, and argued strongly for Australia's early inclusion in any Northeast Asia security mechanism that might emerge from the 6PT.

¶14. (C) Taiwan arose only briefly in Rudd's discussions in Beijing, in the context of discussions on Tibet and other "splitist" elements, Borrowman said. In response to our question, Borrowman said there had been no discussion of China's military modernization program/transparency or of its January 2007 anti-satellite test, but this was "much on the PM's mind."

Trade and Resources

¶15. (C) China was initially reluctant to set another timeline to revive stalled negotiations over the bilateral free trade agreement but ultimately agreed to do so. Rudd informed the Chinese he would dispatch Trade Minister Simon Crean to Beijing immediately after his visit. The two sides also reached agreement to establish a ministerial-level services roundtable, to focus on trade in financial services

¶16. (C) In Beijing, PM Rudd's message was that Australia welcomed China's investment in its resource sector but it would be subject to the same laws and regulations applying to

other investors. Borrowman said Rudd had not met with any particular pressure from the Chinese on that topic.

Climate Change

¶17. (SBU) An objective of Rudd's Beijing meetings was to persuade China's leaders that part of the duty of a responsible stakeholder was to address climate change. Borrowman said PM Rudd had made no breakthroughs with China on climate change, but the two sides had agreed to work on a clean coal initiative. Rudd had warned his Chinese interlocutors that if Australia, as the world's largest coal exporter, and China, the world's largest coal consuming country, could not successfully address the coal problem, they would both be in trouble.

(Note: In his press remarks following his April 10 meeting with Premier Wen Jiabao, PM Rudd announced agreement on the establishment of a ministerial-level climate change partnership to focus on cooperation on clean coal technology, development of a joint policy on the conclusion of the UNFCCC climate change negotiations, and joint work on reducing deforestation.)

RECIPROCAL VISITS

¶18. (SBU) Rudd invited several leaders to pay visits to Australia. French President Sarkozy had accepted and plans to visit Australia later in the year, in conjunction with a trip to New Caledonia. Chairman Wu Bangguo had also accepted but there was no specific agreement on dates.

COMMENT

¶19. (C/NF) Prime Minister Rudd paid particular attention to the public diplomacy aspect of his trip. With 13 significant speeches and as many press conferences, he reiterated his mantra about leveraging Australia's influence as a middle power. His reception in the capitals he visited and his

CANBERRA 00000459 005 OF 005

speaking out on issues such as climate change, Afghanistan and Tibet resonated well here. The major casualty, however, was Japan. Rudd and his team appear to have handled this issue with uncharacteristic ineptitude. This has not helped Rudd deal with the perception among some that he is a sinophile and that Japan was snubbed in favor of Beijing. Rudd's government is now working to soothe bruised feelings. Foreign Minister Smith, on the eve of his May 5 departure for Japan (via Hong Kong and South Korea), went out of his way to stress the high priority his government attaches to the economic, security and strategic relationship between Canberra and Tokyo.

MCCALLUM